

Telenor – Second Quarter 2004

Group Overview

Jon Fredrik Baksaas

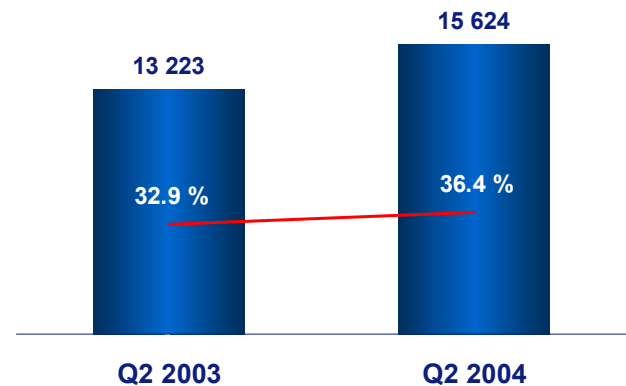
CEO

Q2 2004

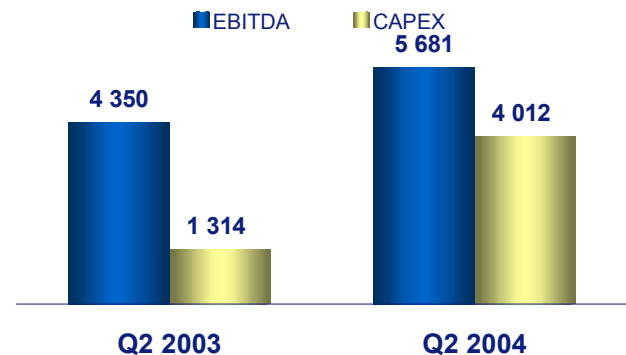
Record quarter – strong domestic operations

- **Revenue growth of 18% to 15.6 NOKbn**
 - Mobile: Revenue growth of 42%
- **EBITDA 5.7 NOKbn - improved by 1.3 NOKbn**
- **Norway:**
 - Mobile: Strong subscriber growth and increased ARPU
 - Fixed: Strengthened position within ADSL and traffic minutes
- **Broadcast: Continued strong revenue growth and improved margins**

Revenues (NOKm) / EBITDA %



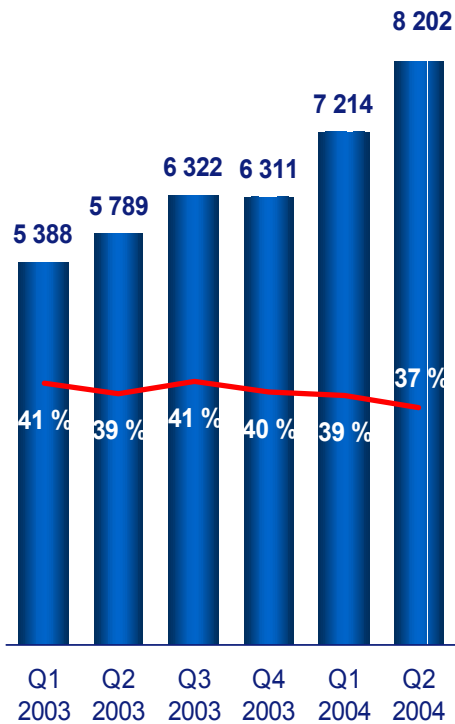
EBITDA and Capex (NOKm)



Mobile

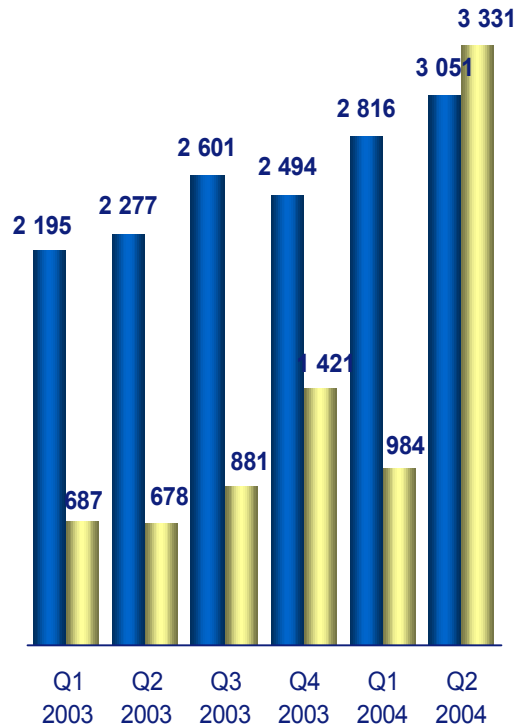
Quarterly financial development

Revenues (NOKm) / EBITDA %

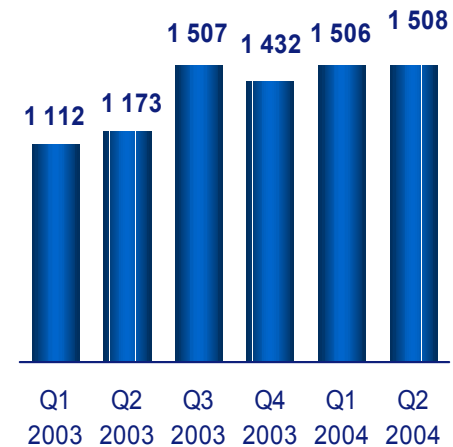


EBITDA and Capex (NOKm)

■ EBITDA ■ CAPEX



EBIT (NOKm)

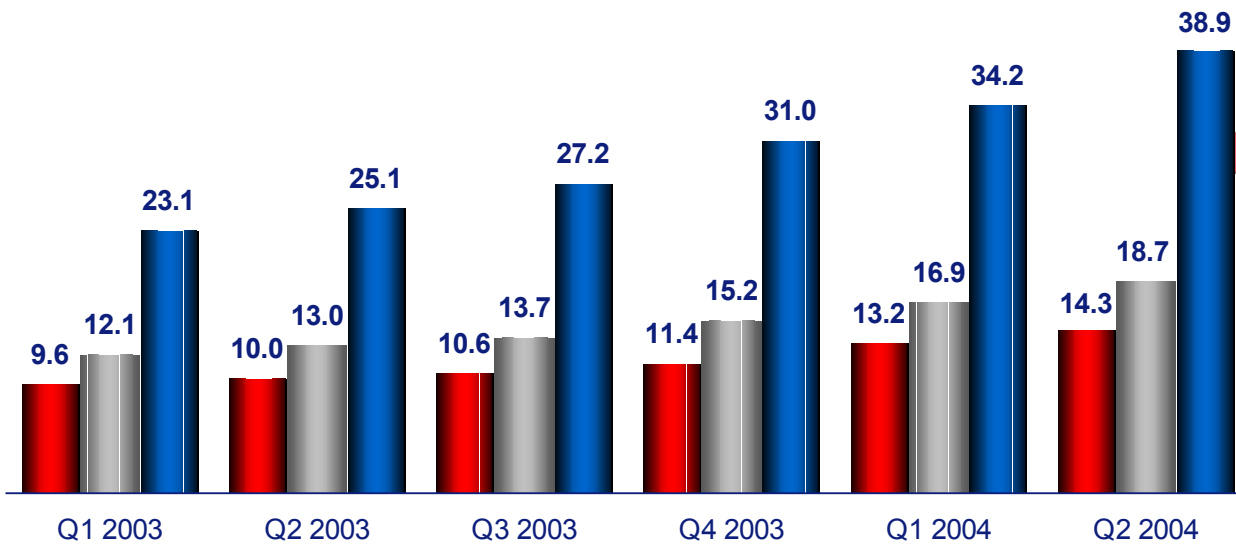
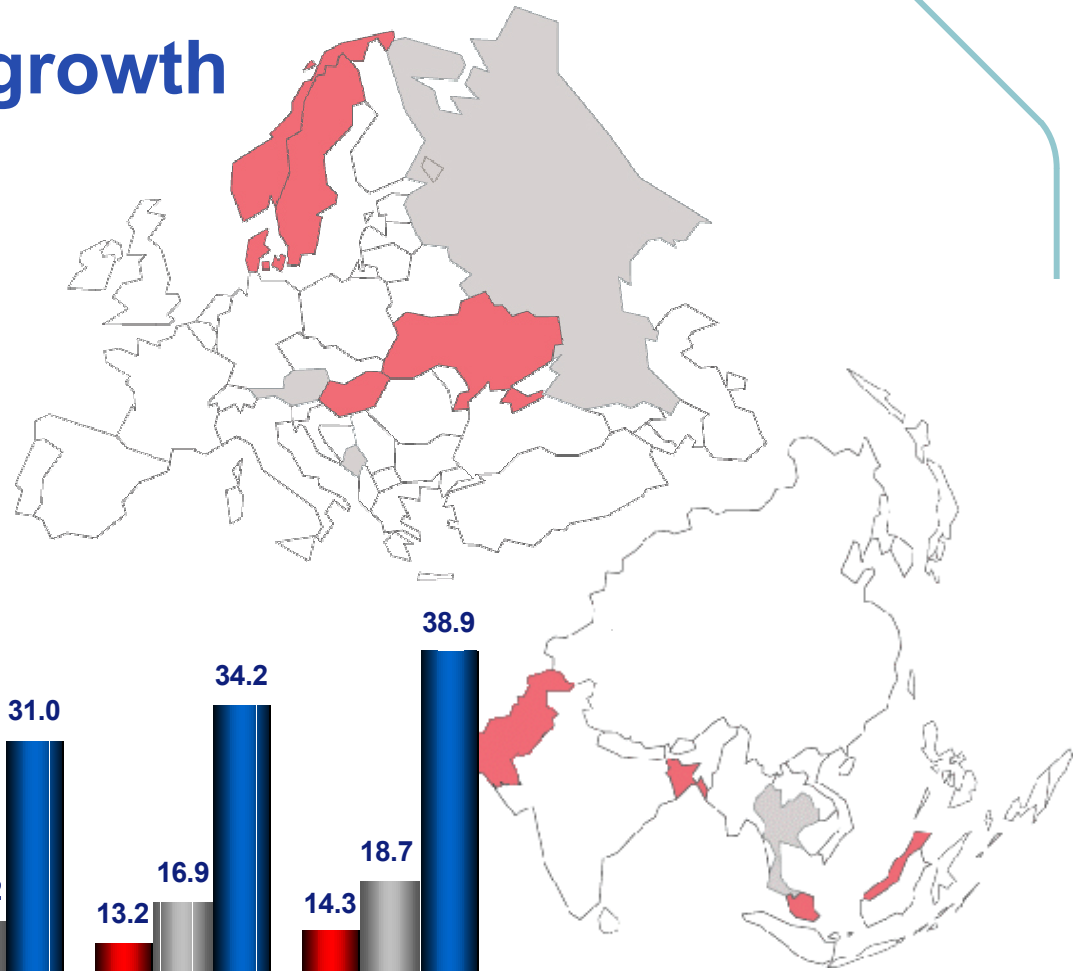


Excludes sales gains / losses

Mobile

Strong subscriber growth

- Total Consolidated
- Total Pro Rata
- 100% figures (all companies)



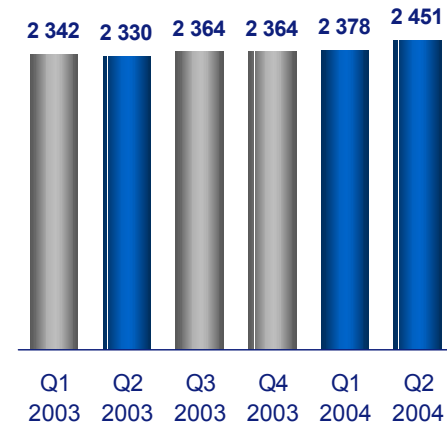
Note: Subscriber figures exclude Cosmote

Telenor Mobil - Norway

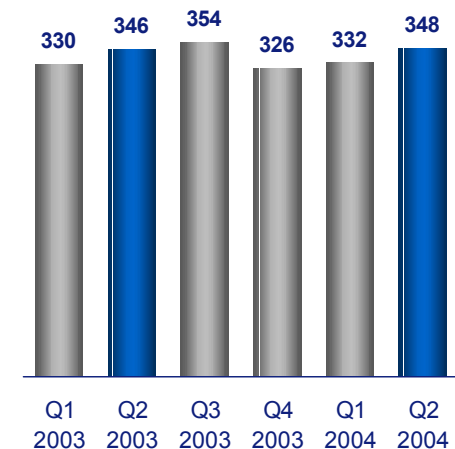
- Revenue growth of 6%
- Net 73,000 new subscribers
- Solid market share
- Increased postpaid ratio
- Improved ARPU
- Continued strong competition



Subscribers ('000)



ARPU (NOK)



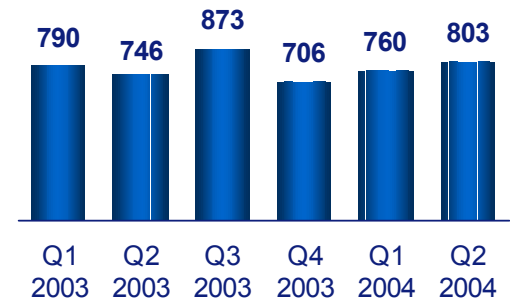
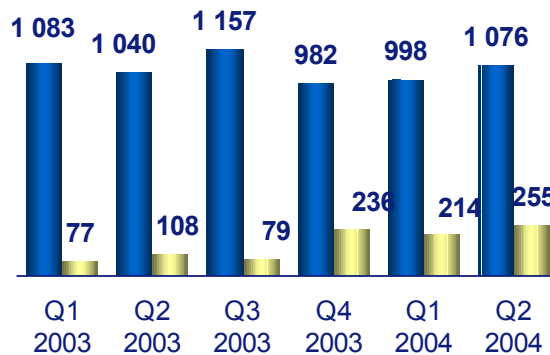
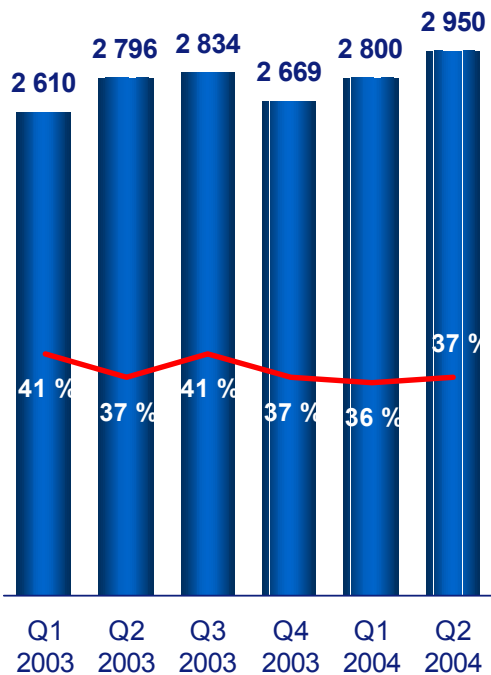
Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX

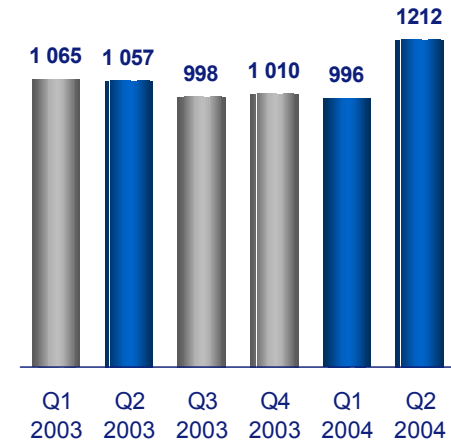


Sonofon - Denmark

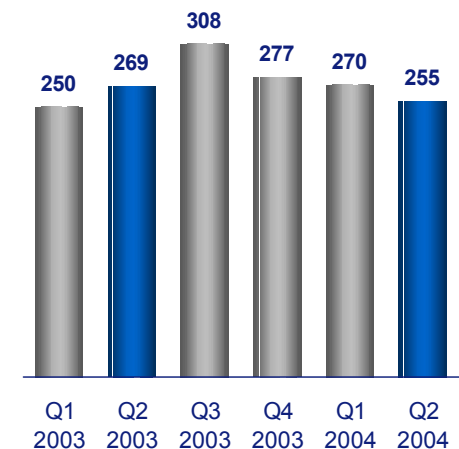
- Strong competition with decreasing prices
- Weak Q2 margins
- Acquired CBB Mobile
- Market share of 26%



Subscribers ('000)



ARPU (NOK)



Note: Subscribers calculated using 3 months churn for prepaid



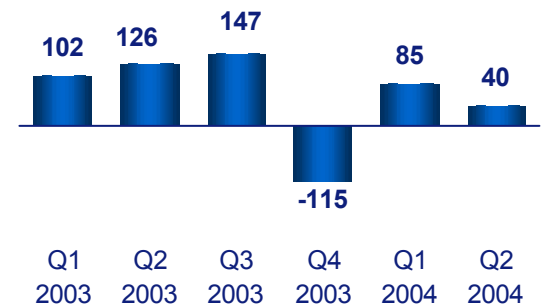
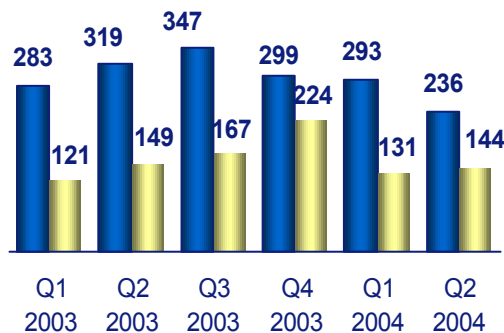
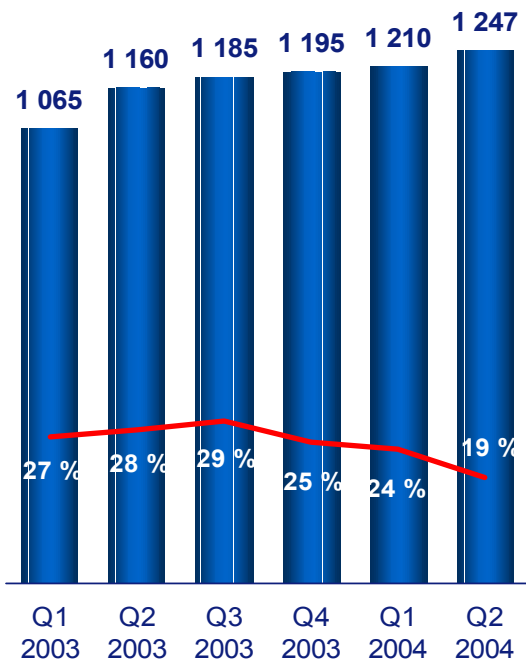
Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

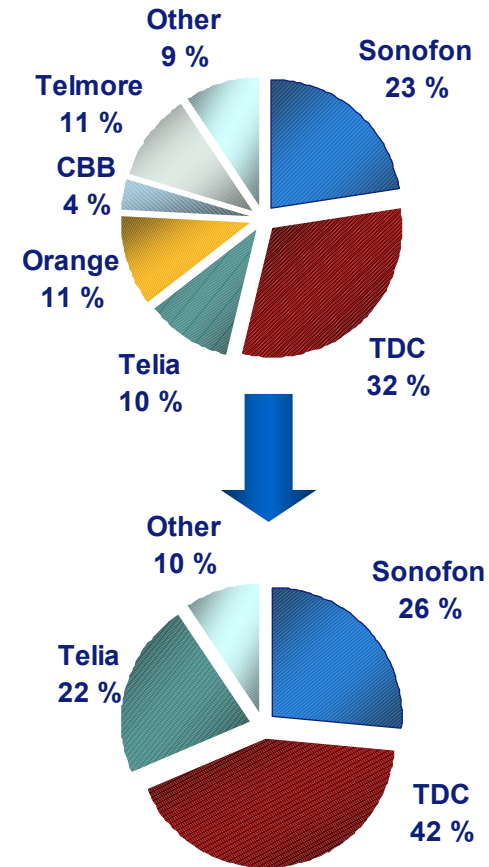
■ EBITDA ■ CAPEX



One Nordic mobile operation

- **Total synergies with more than NOK 1 Bn in NPV**
 - Short term: NOK 200 Mn lower OPEX level at year end. NPV approx. NOK 900 Mn
 - Long term: Synergies through simplified operations and product management
- **Consolidation in Denmark has created a more transparent market place**

Consolidation in Denmark

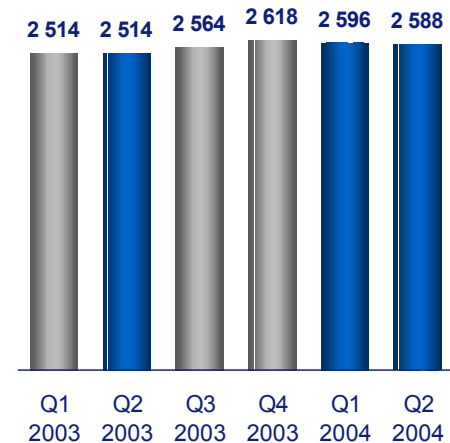


Pannon GSM - Hungary

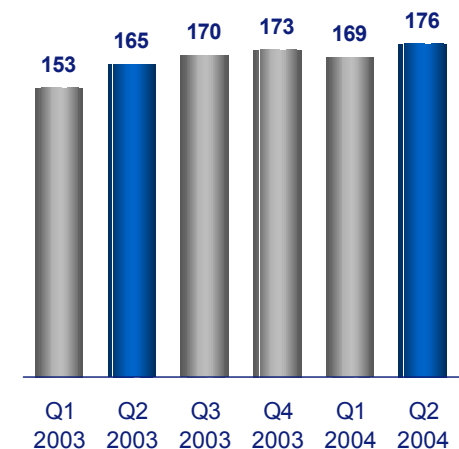
- Revenue growth of 12%
- Continued strong competition
- Increased post-paid ratio
- Activities initiated to regain total market share from 34%
- Growing ARPU despite price reductions



Subscribers ('000)



ARPU (NOK)



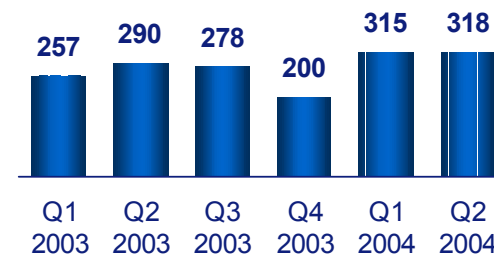
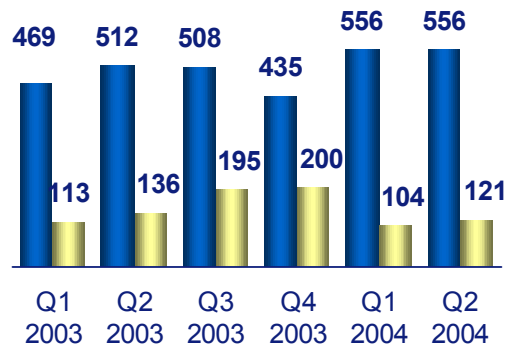
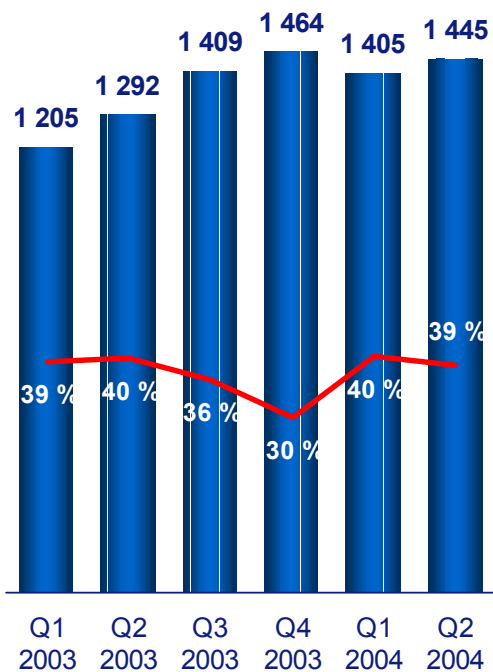
Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

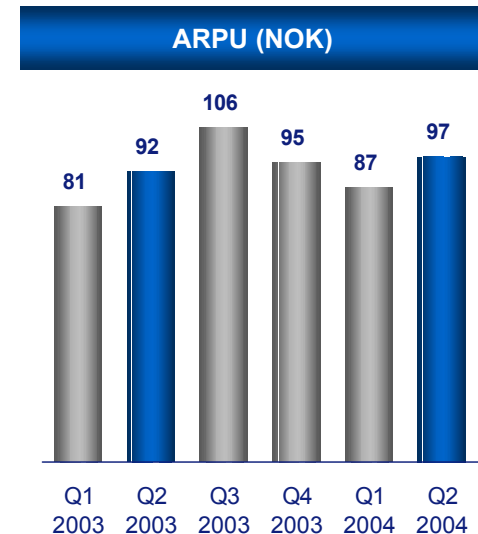
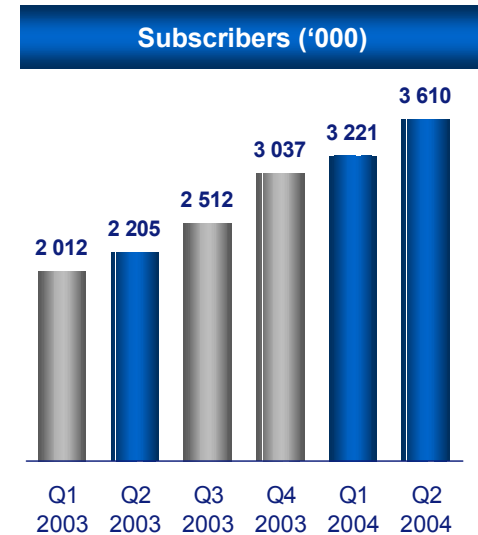
EBIT (NOKm)

■ EBITDA ■ CAPEX



Kyivstar - Ukraine

- Revenue growth of 69%
- Strong market growth
- Activities initiated in Q2 to increase market share
 - positive trend on subscriber growth
- High Minutes of use – Positive effect on ARPU
- Extensive network roll out



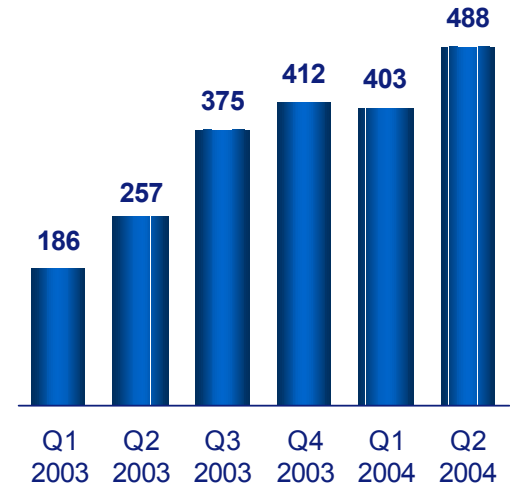
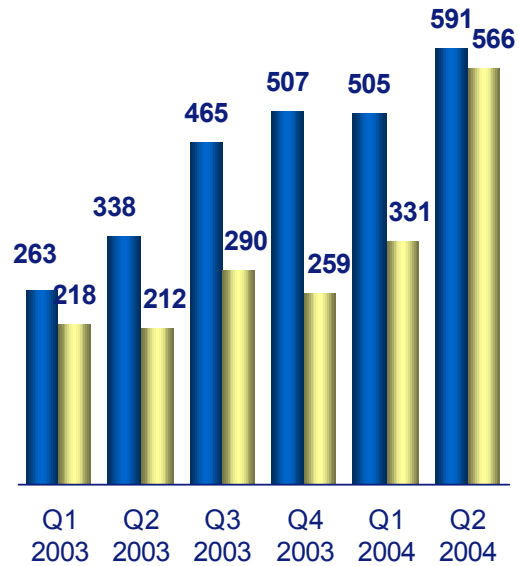
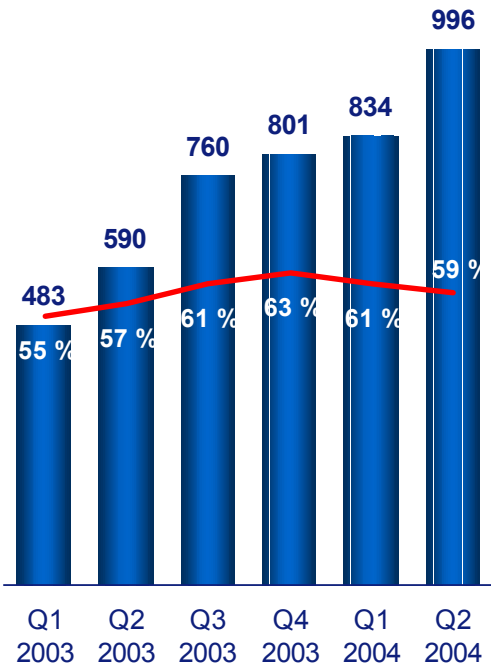
Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX

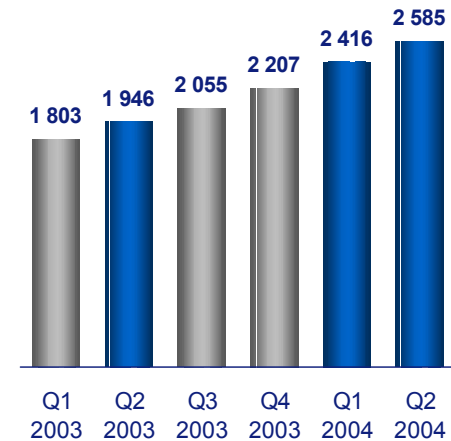


DiGi - Malaysia

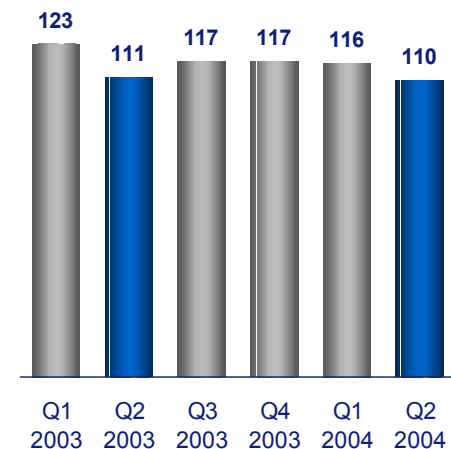
- Revenue growth of 31%
- Stable market share
- Non-voice revenues at 14% despite price reductions
- Commercial launch of EDGE



Subscribers ('000)



ARPU (NOK)



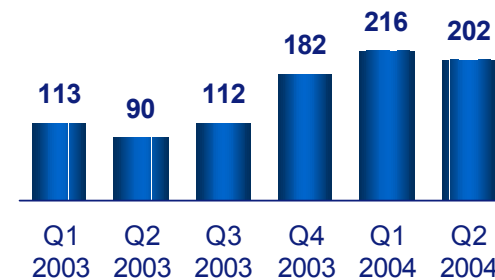
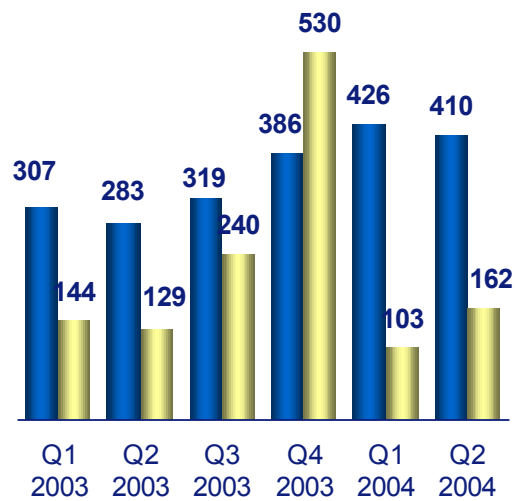
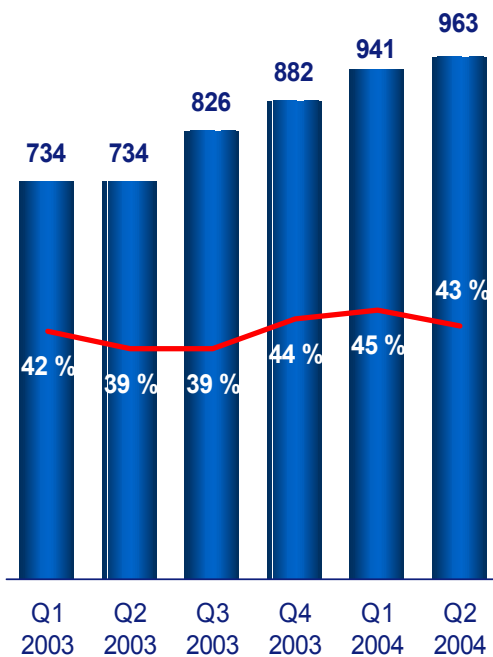
Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

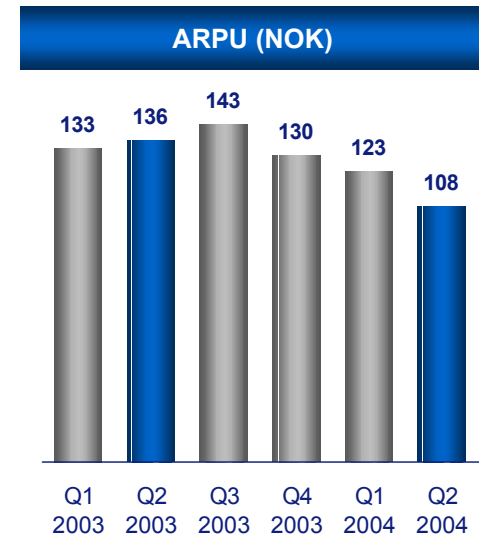
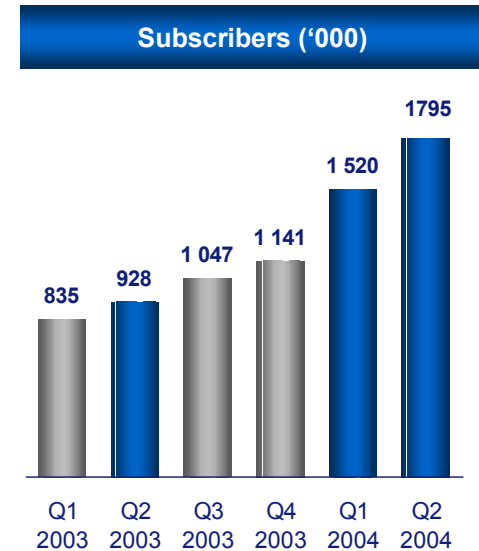
EBIT (NOKm)

■ EBITDA ■ CAPEX



GrameenPhone - Bangladesh

- Revenue growth of 52%
- Market penetration of 2.1%
- Market share of 62%
- Interconnection with all mobile operators established
- ARPU affected by lower prices and marketing campaigns using free airtime



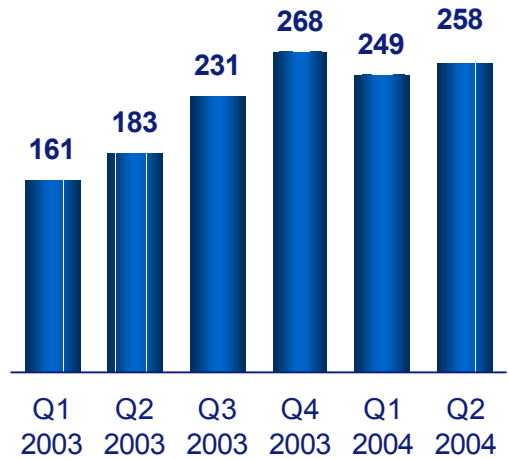
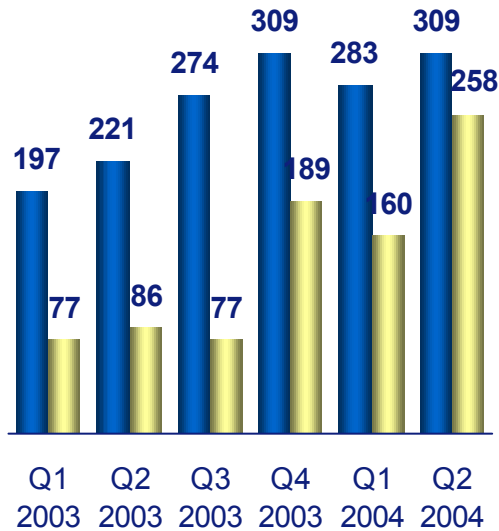
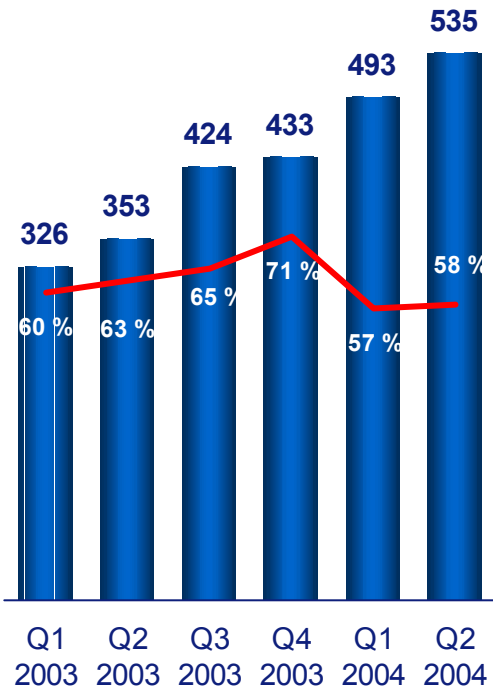
Quarterly financial performance

Revenues (NOKm) / EBITDA %

EBITDA and Capex (NOKm)

EBIT (NOKm)

■ EBITDA ■ CAPEX



DTAC and VimpelCom

- **Strong growth in subscribers**
 - VimpelCom 16.3 Million ¹
 - DTAC 7.3 million ²
- **Telenor' share of Market Value**
 - VimpelCom: 10.4 NOKbn ³
 - Vimpel-R, derived: 3.5 NOKbn ³
 - Market value DTAC and UCOM: 3.3 NOKbn ³

Note 1: Source: Prime-Tass

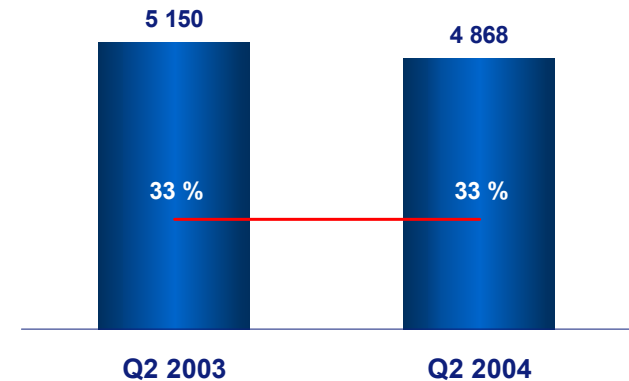
Note 2: Subscriber figures as at May 2004 published by company

Note 3: Closing stock exchange rates on June 30; 96,45 USD (VIP) and July 8 (DTAC and UCOM)

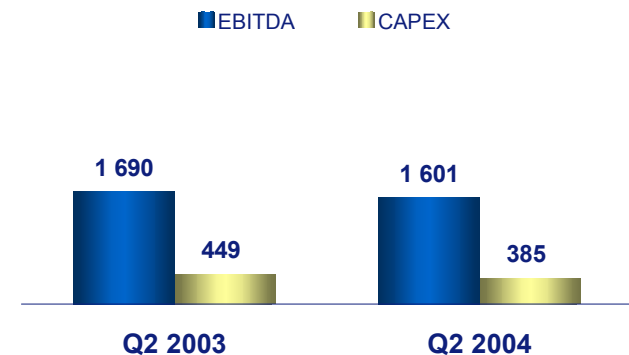
Fixed Highlights

- **Revenues down 5.5% - affected by**
 - Sale of Comincom
 - Sale of IT services unit to EDB
- **EBITDA-margin in line with Q2 2003**
- **EBIT improvement of NOK 100 mill to NOK 729 mill**

Revenues (NOKm) / EBITDA %

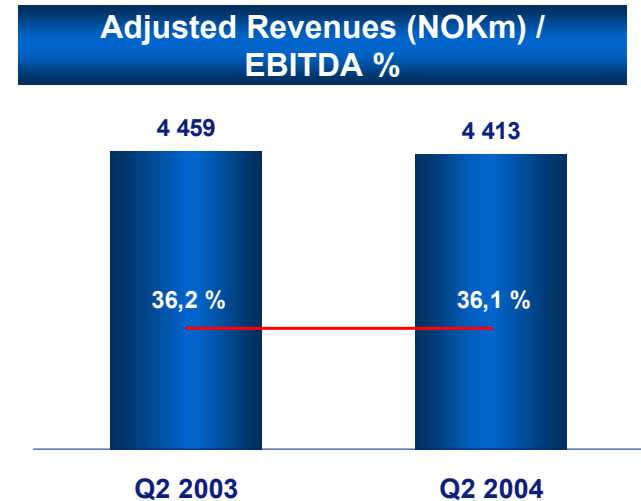
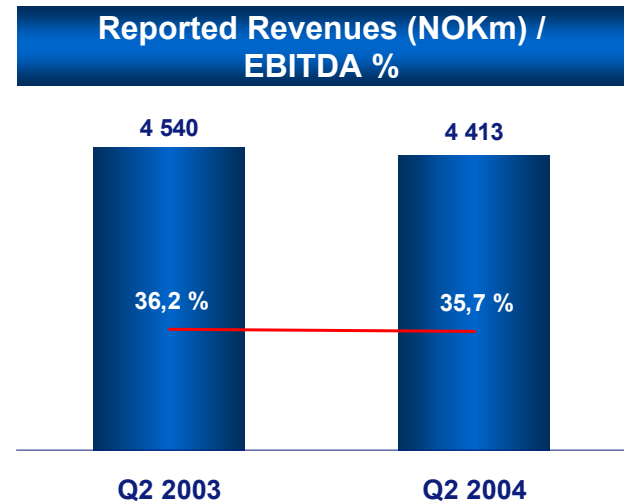


EBITDA and Capex (NOKm)



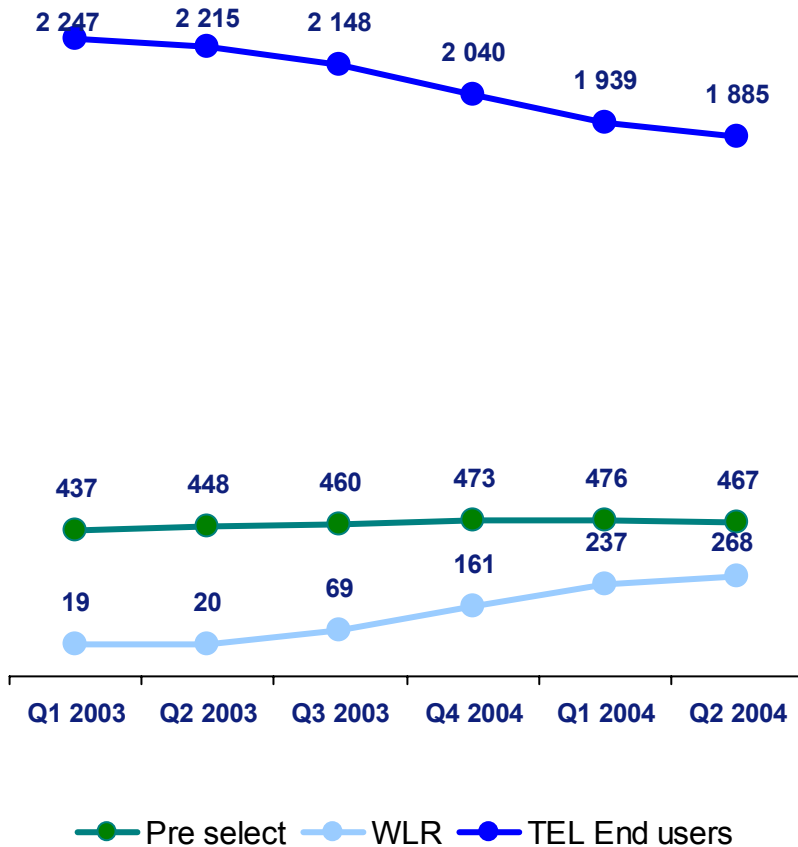
Domestic Fixed Line Adjusted Revenues and EBITDA

- **Adjusted revenues down 1%**
 - EDB effect NOK 81 Mn
- **Adjusted EBITDA margin down 0.1% points**
 - EDB effect NOK 17 Mn
 - Restructuring effect NOK 32 Mn

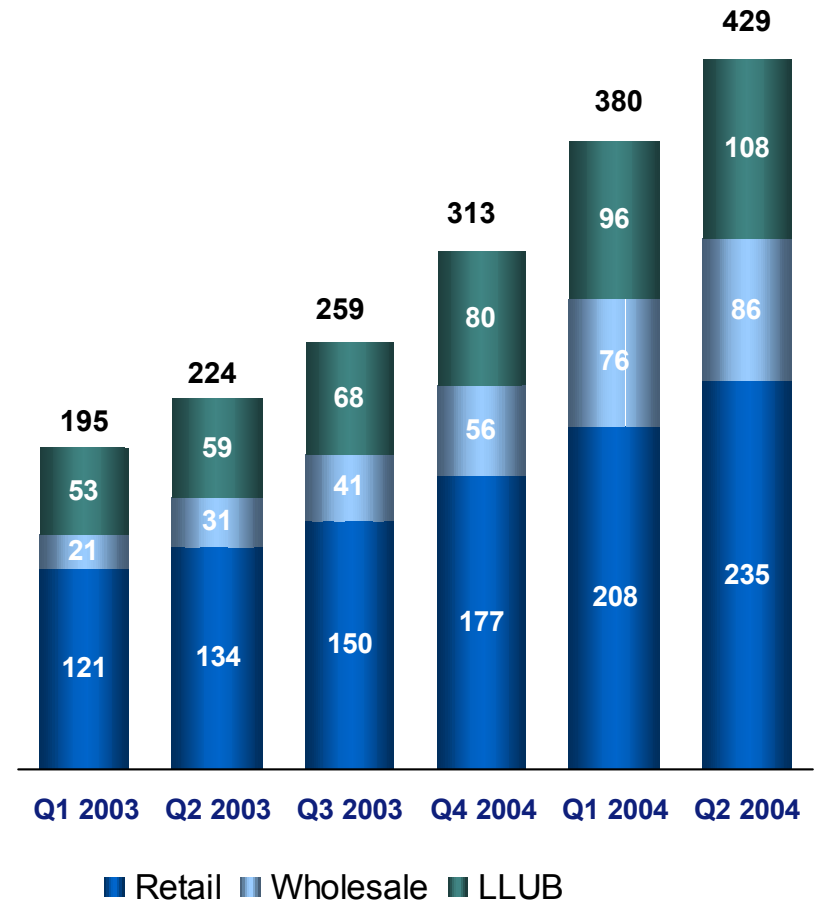


Domestic Fixed Line Market trends

Fixed Telephony Subscribers



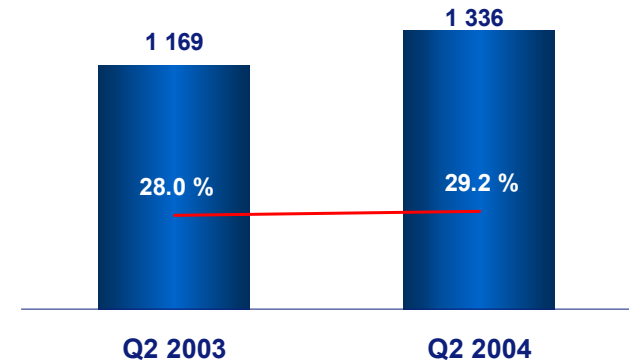
ADSL subscribers



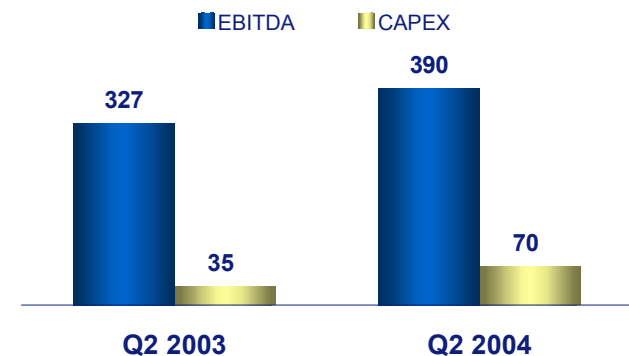
Broadcast Highlights

- Revenue growth of 14%
- Record EBITDA margin
- Positive Q2 customer/subscriber uptake in Canal Digital
- Successful launch of Intelsat 10-02
- Positioned for growth

Revenues (NOKm) / EBITDA %



EBITDA and Capex (NOKm)



Focus and Strategy

- **Maintain a strong home market position**
- **Execute Scandinavian mobile synergies**
- **Create value in international mobile**
- **Increased transparency and simplicity**



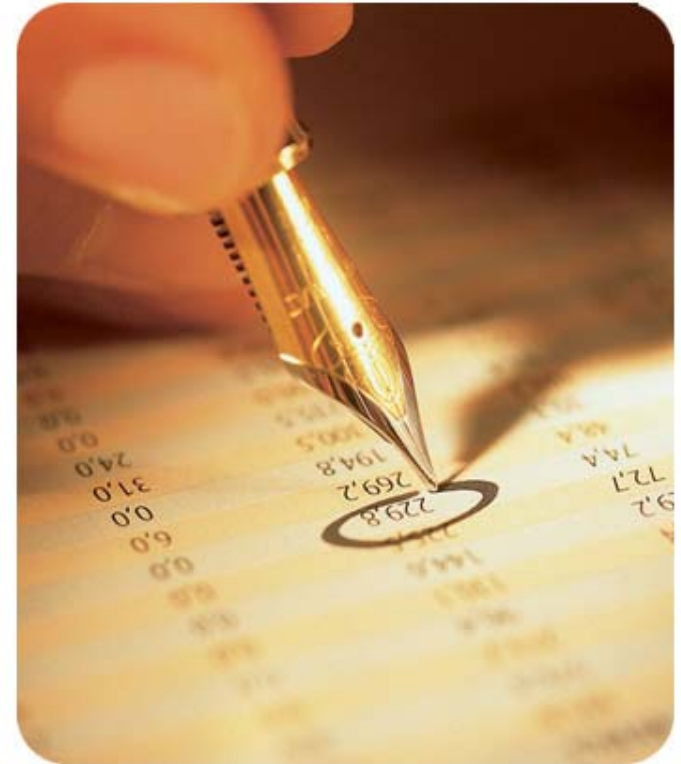
Group Financial Overview

Q2 2004

Torstein Moland
CFO

Key messages Q2 2004

- **Q2 confirms our solid position in Norway**
 - Mobile: Strong subscriber growth and increased ARPU
 - Fixed: Strengthened position within ADSL and traffic minutes
- **Nordic mobile synergy projects on track**
- **Strong growth in emerging mobile markets**
- **Continued strong performance in Broadcast**



Reported P&L

	Q2 2004	Q2 2003	2003	2002
Revenue	15 624	13 223	53 121	48 826
EBITDA	5 681	4 350	18 302	13 469
EBIT	2 739	1 612	7 560	(320)
Profit before Tax	2 662	2 490	7 426	(5 136)
Net Income	1 410	1 683	4 560	(4 298)

NOKm

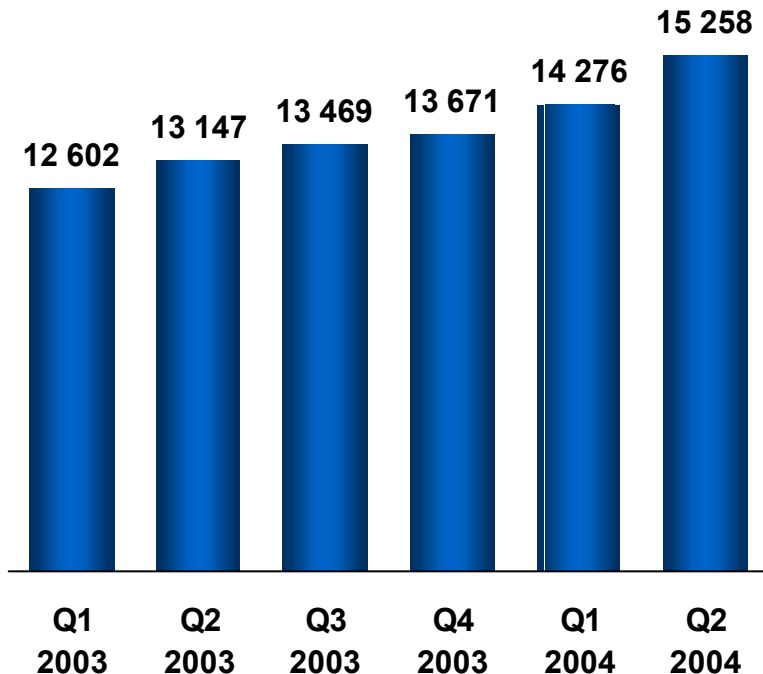
Adjusted P&L

	Q2 2004	Q2 2003	2003	2002
Revenue	15 258	13 147	52 889	48 668
	5 505	4 529	18 586	14 506
	2 564	1 838	7 989	4 270
	202	(49)	(251)	(205)
	2 460	1 289	6 300	2 488

NOKm

Solid quarterly revenue growth

Revenues (NOKm) *



* Revenues adjusted for sales gains

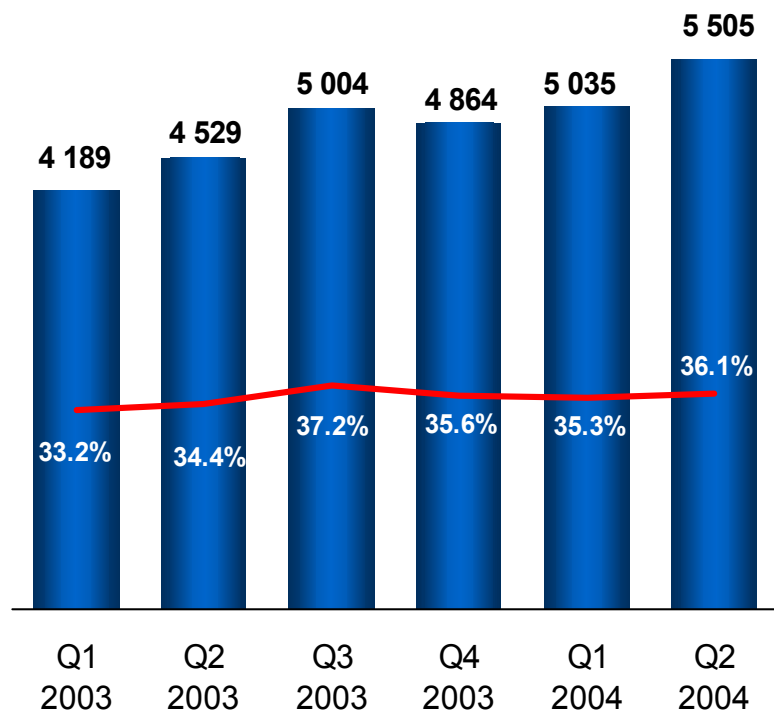
* Underlying growth: Adjusted for the effect of acquisitions and disposals of operations and currency fluctuations

Comments Q2 (YoY)*

- Revenue growth of 16% adjusted for sales gains
 - underlying growth of 8%
- Underlying Business area growth
 - Mobile: 17%
 - Fixed: -1%
 - Broadcast 13%

EBITDA – margin increased by 1.7%-points

Adjusted EBITDA (NOKm) and Margin



Comments

- Mobile increased share of Group EBITDA
- Consolidation of Sonofon contributes negatively to Group margin
- Operational excellence

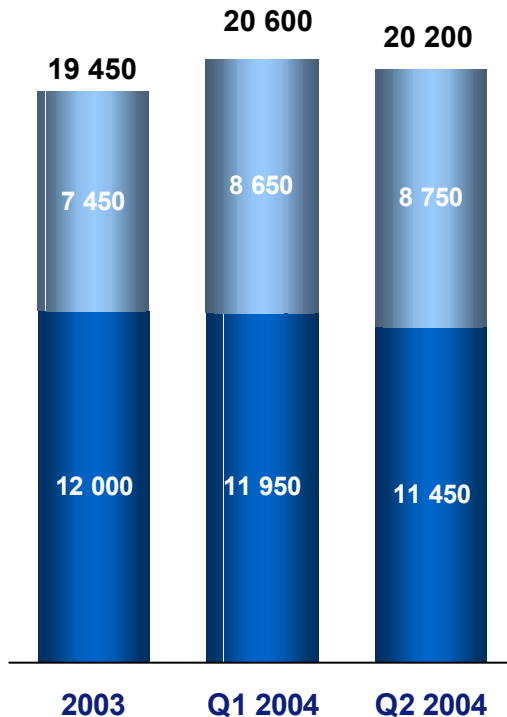
Cost cutting and capital discipline

Headcount

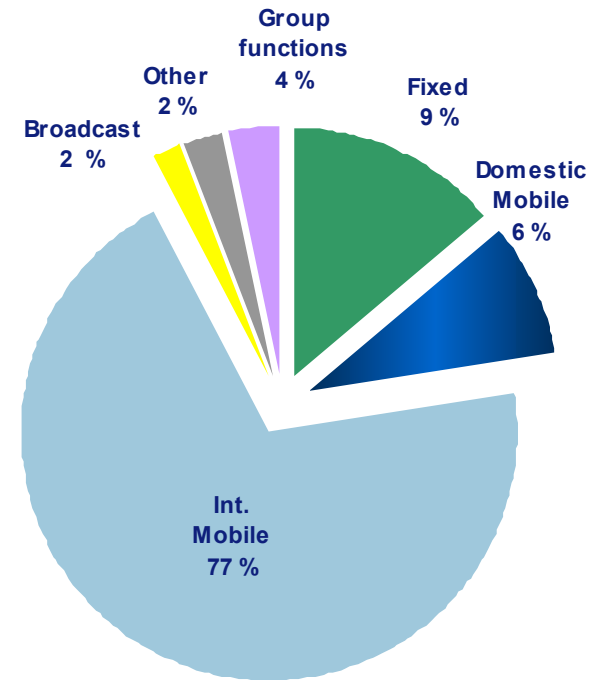
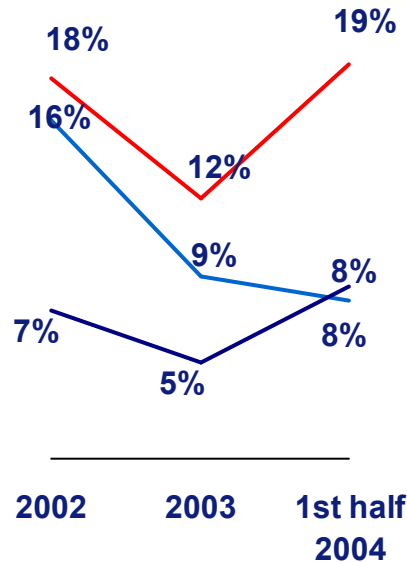
Capex / Sales

Capex Breakdown 1st half 2004 (NOKm)

- International
- Domestic

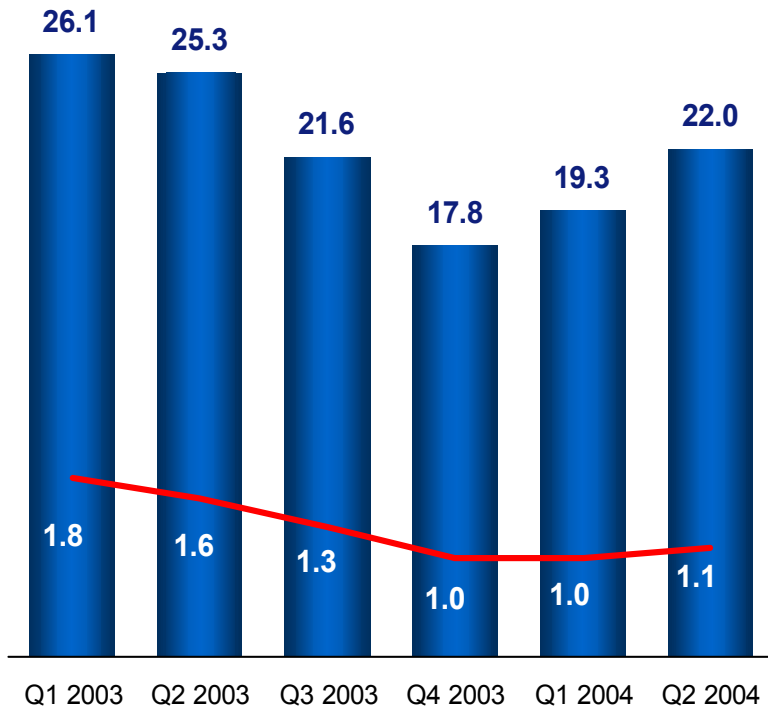


- Domestic Fixed
- Domestic Mobile
- Total Capex/Sales



Increased Net Debt/EBITDA

Net Debt (NOKbn) to LTM EBITDA (x)

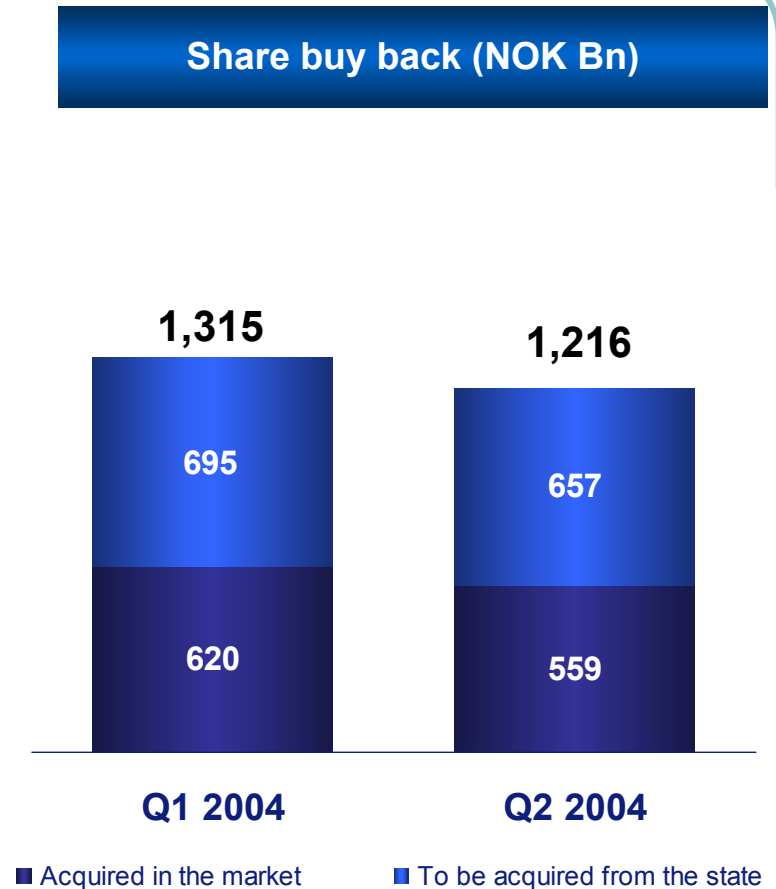


Net Debt Changes (NOKbn)

Net Debt 31 March 2004	19.3
EBITDA	- 5.3
Net investment (excl. Pakistan)	+ 2.3
Licence in Pakistan	+ 1.8
Net Interest	+ 0.3
Income tax paid	+ 0.4
Dividends	+ 1.7
Share buy back	+ 1.3
Currency adj. net debt	+ 0.2
Net Debt 30 June 2004	22.0

Dividend and share buy back NOK 4.2 Bn

- Acquired and committed to buy shares for NOK 2,531 Mn
- Dividend: NOK 1,690 Mn



Outlook for 2004

Mobile

- Growth in revenues
- Pressure on international EBITDA margin
- Increased Capex

Domestic Fixed Line

- Revenues: Reduced access and traffic revenues, increased ADSL revenues
- Stable underlying margin

Broadcast

- Continued revenue growth
- EBITDA and EBIT growth
- Increased Capex due to satellite acquisition

Telenor Group

- Continued revenue growth
- Stable EBITDA margin
- Capex significantly above 2003

Appendix

International mobile associates

(100% figures in NOK millions according to local GAAP)

	Subscriptions ('000) ¹⁾			Revenues YTD			EBITDA YTD ²⁾			CAPEX YTD		Net debt ³⁾
	Dec 31 2002	Dec 31 2003	%-change 2002/2003	Dec 31 2002	Dec 31 2003	%-change 2002/2003	Dec 31 2002	Dec 31 2003	%-change 2002/2003	Dec 31 2002	Dec 31 2003	Dec 31 2003
Europe												
One (Austria)	1 348	1 420	5 %	4 631	5 299	14 %	1 172	1 568	34 %	668	735	11 067
Pro Monte	177	241	36 %	419	453	8 %	199	215	8 %	62	62	-54
Russia												
VimpelCom ⁴⁾	5 153	11 437	122 %	6 148	9 407	53 %	2 578	4 319	68 %	4 073	5 127	3 026
Southeast Asia												
DTAC	5 455	6 550	20 %	5 982	5 384	-10 %	1 948	2 057	6 %	2 104	932	7 171
UCOM ⁵⁾	-	-		3 250	3 759	16 %	337	227	-33 %	76	29	808

1) Subscriber figures based on companies own counting methods

2) EBITDA consists of earnings before interest, tax, depreciation and amortization excluding gains/(losses) from sales of fixed assets and operations

3) Net debt consists of long term and short term interest-bearing debt minus cash. Closing exchange rates used

4) VimpelCom CAPEX excludes acquisitions of new entities

5) UCOM classified according to NGAAP. Figures for DTAC are not included